



Fact Sheet

U.S. Department of Agriculture
Foreign Agricultural Service
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Permanent Normal Trade Relations with China **What's at Stake for Virginia?**

Virginia produces agricultural, forest, and fishery products that are exported worldwide. In 1998, the state's farm cash receipts reached \$2.3 billion. Wood product shipments totaled \$2.4 billion in 1996, and commercial fish landings were \$113 million in 1998. As for exports, the value of agricultural products leaving the state was estimated at \$453 million in 1998. These exports help boost farm prices and income, while supporting jobs both on the farm and off the farm in food processing, storage, and transportation.

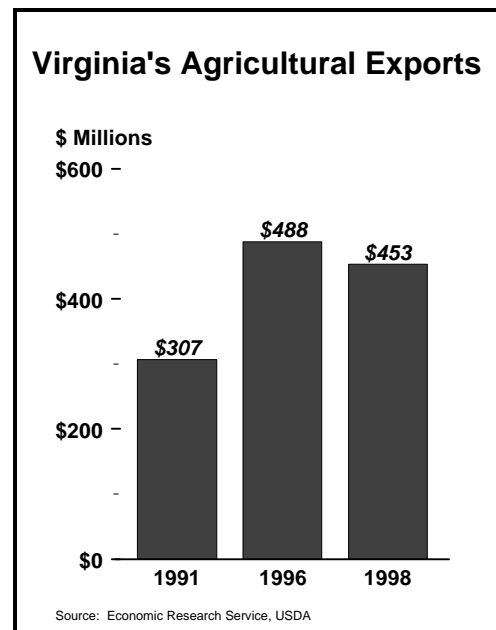
Trade Benefits

The following key products are important to Virginia, and expected to reap some of the largest export gains from China's accession to the World Trade Organization (WTO).

Poultry Meat—Virginia's poultry and product exports worldwide were estimated at \$101 million in 1998. With imports accounting for 12 percent of total consumption, China is already the second leading market for U.S. poultry exports. Under its WTO accession agreement, China will cut its tariff in half (from 20 percent to 10 percent) by 2004 for frozen poultry cuts. There will be no quantity limits at these tariff levels. As a result of the 1999 U.S.-China bilateral agreement, China agreed to accept all poultry meat from the United States that is certified wholesome by USDA.

Beef and Pork—Virginia's live animal and red meat exports worldwide were estimated at \$87 million in 1998. China currently imports very little beef, but income growth and rising demand from urban centers are expected to result in significantly increased demand for imports. China consumes far more pork than any other country, but its trade barriers have effectively closed its market to imports. Under its WTO accession agreement, China will lower its tariff from 45 percent to 12 percent on frozen beef cuts, and from 45 percent to 25 percent on chilled beef, by 2004. It will also cut its tariffs on frozen pork cuts and beef and pork offal from 20 percent to 12 percent. There will be no quantity limits at these tariff levels. As a result of the 1999 U.S.-China bilateral agreement, China agreed to accept all beef and pork from the United States that is certified wholesome by USDA.

Wheat—Virginia's wheat and product exports worldwide were estimated at \$43 million in 1998. China's grain policies are becoming more market-oriented and its WTO accession commitments will speed up this process, opening up real long-term opportunities for foreign suppliers. China committed to a nominal 1-percent tariff on all grains imported within a tariff-rate quota (TRQ).



The TRQ on wheat will be initially set at 7.3 million metric tons and grow to 9.6 million metric tons by 2004. As a result of the 1999 U.S.-China bilateral agreement, China also agreed to import wheat and other grains from the Pacific Northwest. In 1998, China imported less than 2 million metric tons of wheat from all countries.

Solid Wood Products—Virginia's lumber industry is the 13th largest in the nation. Spurred by the elimination of certain tariffs on logs and lumber in the 1990's, China has emerged as the world's third largest wood importer. U.S. value-added wood exports to China are at record levels. Under its WTO accession agreement, China will substantially reduce its remaining tariffs on value-added wood products by 2004. Tariffs on plywood will drop from 15 percent to 4 percent. Existing tariffs set at 18 percent on particleboard, oriented strandboard, doors, windows, and flooring will drop to 4 percent, and fiberboard tariffs, currently ranging from 12-18 percent, will drop to 4-7.5 percent.